

Message Text

CONFIDENTIAL

PAGE 01 COLOMB 01864 231236Z

41

ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

AID-20 IO-13 RSR-01 /125 W
----- 028717

R 231200Z JUL 73

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 9808

USIA WASHDC

INFO AMEMBASSY LONDON

AMEMBASSY NEW DELHI

CINCPAC

C O N F I D E N T I A L COLOMBO 1864

E.O. 11652: GDS

TAGS: PINT, CE

SUBJ: UFG ACQUIRES CONTROL OF LAKE HOUSE PUBLISHING GROUP

CINCPAC FOR POLAD

REF COLOMBO A-130, COLOMBO 1198

1. SUMMARY: TAKE OVER OF LAKE HOUSE WAS PASSED OVERWHELM-
INGLY IN NATIONAL STATE ASSEMBLY 18 JULY, BRINGING SRI LANKA'S
LARGEST DAILIES UNDER GSL CONTROL. NSA DEBATE MADE CLEAR POLITICAL
MOTIVATION OF TAKE-OVER WITH HEAVY STRESS ON LAKE HOUSE'S
PRO-UNITED NATIONAL PARTY POLITICS BEFORE 1970. NEW MOVE
REPRESENTS FURTHER INCIDENT IN DRIFT TOWARD AUTHORITARIAN
GOVERNMENT AND WILL LIKELY LEAD TO GREATER PRESSURE ON "SUN",
ONLY REMAINING PAPER CRITICAL OF UFG, TO TOE GSL LINE. END
SUMMARY.

2. NATIONAL STATE ASSEMBLY PASSED ASSOCIATED NEWSPAPERS OF
CEYLON LTD. BILL 18 JULY VOTE OF 111 TO 21, BRINGING LAKE
HOUSE PUBLISHING GROUP UNDER GSL CONTROL. NEW BILL FOLLOWED
RULING, ANNOUNCED 12 JULY, BY CONSTITUTIONAL COURT IN WHICH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 COLOMB 01864 231236Z

COURT UPHELD BILL IN ALL OF ITS PROVISIONS. UNDER ITS TERMS

75 PERCENT OF SHARES WILL BE REMOVED FROM CONTROL OF WIJ-
EWARDENE FAMILY, VESTED IN GSL PUBLIC TRUSTEE, AND EVENTUALLY
SOLD TO PUBLIC IN FULFILLMENT OF UNITED FRONT PLEDGE TO
SEEK "BROAD BASE" FOR FAMILY-CONTROLLED PAPERS IN SRI LANKA.
AFFECTED WILL BE SRI LANKA'S LARGEST-CIRCULATION DAILIES IN
COUNTRY'S THREE LANGUAGES.

3. PASSAGE OF LAKE HOUSE LEGISLATION CULMINATES WHAT ONE
INDEPENDENT LEFTIST M.P. CALLED "A MILESTONE IN THE HISTORY
OF THE LEFTISH STRUGGLE IN THIS COUNTRY" AND NSA DEBATE
UNDERScoreD POLITICAL MOTIVATIONS BEHIND TAKE-OVER. LAKE
HOUSE WAS REPEATEDLY DENOUNCED IN ASSEMBLY FOR BLATANT PRO-
UNP BIAS DURING 1960'S, INCLUDING ALLEGED RESORT TO BRIBERY
TO BRING DOWN MRS. B'S FIRST GOVERNMENT IN 1964 AND EXTENSIVE
FOREIGN EXCHANGE MANIPULATIONS. ALTHOUGH ARGUING THAT TAKE-OVER
WAS NOT MOTIVATED BY PAST RANCOR, PM DWELT AT LENGTH ON
LAKE HOUSE ATTACKS ON HER OVER PERIOD OF MANY YEARS AND ITS
HOSTILITY TO COALITION PARTIES. OPPOSITION LEADER J.R.
JAYEWARDENE (HIMSELF A LARGE SHAREHOLDER IN LAKE HOUSE) CAS-
TIGATED MOVE AS SMOKE SCREEN FOR UFG'S ECONOMIC FAILURES AND
AS ADDITIONAL ABRIDGMENT OF DEMOCRATIC FREEDOMS. HOWEVER,
HE REFUSED TO ANSWER JUSTICE MINISTER'S DEMAND FOR PLEDGE
THAT UNP WOULD RESTORE LAKE HOUSE TO WIJEWARDENES IN EVENT
UNP GOVERNMENT RETURNED TO POWER.

4. PM'S PRIVATE SECRETARY TOLD EMBOFF 19 JULY THAT MRS. B
HAD EXPERIENCED CONSIDERABLE DIFFICULTY IN PERSUADING ACCEPT-
ABLE CANDIDATES TO BECOME NEW LAKE HOUSE BOARD MEMBERS. SHE
REPORTEDLY HAS ALSO BEEN UNDER HEAVY PRESSURE TO INCLUDE UFG'S
MARXIST WING ON BOARD. FOR MOMENT, HOWEVER, SHE HAS MANAGED
TO INSTALL FIVE-MAN BOARD HAND-PICKED BY SLFP RIGHT WING IN
CABINET.

5. TAKE-OVER NOW LEAVES "SUN" AS ONLY EFFECTIVE PRESS CRITIC
OF GOVERNMENT IN SRI LANKA. PAPER HAS COME UNDER INCREASING
ATTACK FOR UNFAVORABLE STANCE, SOME VOICES IN NSA CALLING FOR
TAKE-OVER LIKE LAKE HOUSE. DURING JULY 17 DEBATE, WHILE PRAIS-
ING FRIENDLY ATTITUDE OF "TIMES" GROUP SINCE RECENT CHANGE
IN MANAGEMENT (COLOMBO A-130) PM POINTEDLY EXPRESSED HOPE THAT
"SUN" WOULD ADOPT SIMILAR ATTITUDE TOWARD "NEWSPAPER
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 COLOMB 01864 231236Z

FREEDOM".

6. COMMENT: VINDICTIVENESS, MORE THAN IDEOLOGICAL CONVICTION
OR POLITICAL NECESSITY, APPEARS TO BE PRINCIPAL MOTIVE BEHIND
ANTI-LAKE HOUSE LEGISLATION. EDITORIAL LINE OF ALL LAKE HOUSE
DAILIES HAS BEEN SAFELY PRO-UFG FOR ALMOST TWO YEARS, PARTLY
IN HOPE OF STAVING OFF OUTRIGHT ACQUISITION, BUT PREVIOUS
TWO DECADES OF ANTI-SLFP AND ANTI-LEFT ATTACKS WERE SIMPLY

TOO MUCH FOR UFG TO FORGET. TAKE-OVER IS MILESTONE FOR UFG,
REMOVING ONE-TIME BASTION OF UNP AND OF SOCIAL GROUPS WHICH HAVE
LONG BACKED THAT PARTY. IT IS ALSO FURTHER INCIDENT IN DRIFT
TOWARD AUTHORITARIAN GOVERNMENT. "SUN"'S JULY 19 EDITORIALY
STATED DETERMINATION NOT TO "ABDICATE OUR DUTY" WILL BECOME
INCREASINGLY DIFFICULT TO UPHOLD.
VAN HOLLEN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973COLOMB01864
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS VAN HOLLEN
Errors: N/A
Film Number: n/a
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730717/aaaaamim.tel
Line Count: 122
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 COLOMBO A-130, COLOMBO 1198
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 10 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Dec-2001 by morefirh>; APPROVED <10-Dec-2001 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UFG ACQUIRES CONTROL OF LAKE HOUSE PUBLISHING GROUP CINCPAC FOR POLAD
TAGS: PINT, CE
To: STATE USIA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005